

THE TRANSPORTATION LINK

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Office of
the Secretary

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Director of the
Office of Small and
Disadvantaged
Business Utilization
(OSDBU)**

FROM THE DESK OF THE DIRECTOR

In this month's edition of the Transportation Link, we feature the Small Business Administration's (SBA) new rule governing the Historically Underutilized Business Zone (HUBZone) Program. The new rule amends the requirements for small business concerns owned by Indian Tribal Governments or Community Development Corporations. It also expands the definition of a HUBZone and makes a number of technical changes to HUBZone requirements and procedures.

This month we profile Somat Engineering, Inc., a minority-owned business based in Detroit, MI that specializes in providing clients with geo-technical services. In October 2003, Mr. G. Ramanujam, President of Somat, was presented a Minority-Owned Business Enterprise Award by DOT's Federal Highway Administration.

In this month's Follow the Money, we highlight several state transportation projects that recently received federal contributions. These federal dollars may transpire into new contracting opportunities for OSDBU customers. This edition also features two new resources on the web: SBA's Business.gov, which is designed to be a one-stop shop for small, disadvantaged, minority, and woman-owned businesses; and the Federal Transit Administration's procurement news web page.

OSDBU wishes you all a happy and safe Independence Day holiday.

Changes to the HUBZone Program

The U.S. Small Business Administration (SBA) recently issued a final rule, which amends the regulations for the Historically Underutilized Business Zone (HUBZone) Program. The new rule was promulgated on May 24, 2004, and became effective on June 23, 2004.

What is the HUBZone Program?

The HUBZone Empowerment Contracting Program was authorized by Congress in 1997. Its primary purpose is to stimulate economic development and create jobs in urban and rural communities that have been historically underutilized by providing assistance to small business concerns (SBCs) located in those communities.

To be certified as a HUBZone SBC, a firm must demonstrate that it is a small business owned and controlled by one or more U.S. citizens. The firm must also demonstrate that its principal office is located in the HUBZone – and that at least 35% of the firm's employees reside there.

Once certified by the SBA, the firm is eligible to receive a number of benefits – some involving preferences on federal contracts, others involving financial assistance. For example, full and open competition contracts can be awarded with a price evaluation preference, while other contracts can be set aside for only HUBZone competition. Eligible firms can also qualify for higher SBA-guaranteed surety bonds, and can benefit from employer tax credits, tax-free facility bonds, and investment tax deductions.

Note that these benefits pertain only to federal contracts. The HUBZone Program does not apply to contracts awarded by state and local governments – even state and local contracts where there is federal funding.

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Somat –Engineering Excellence



Somat Engineering, Inc. (Somat) is a minority-owned firm based in Detroit, Michigan that specializes in providing geotechnical engineering, materials testing, and construction engineering services to public and private clients. Founded in 1986, Somat's high standard of excellence and commitment to health, safety, and regulatory compliance has rooted the company in its niche market and earned itself an enviable reputation. Based on the philosophy of the firm's founder, Mr. Ramji Patel, Somat prides itself on understanding its client's needs and delivering what is promised.

Somat's reputation and past performance have propelled the company into a 40 member firm generating nearly \$3.5 million in annual revenue. In October 2003,

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OSDBU

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wants to hear from you! Call us toll-free at 1-800-532-1169 with questions or comments about this newsletter or our web site. The Transportation Link's content may be reprinted without permission.

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How is the Program being Changed?

SBA promulgated a HUBZone rule in 1998, which was amended in 2001. The 2004 rule provides further amendments to the HUBZone regulation – many are minor, while others involve major changes.

The biggest change in the regulation involves the requirements a firm must demonstrate before the SBA will certify it as a HUBZone SBC. The previous regulation simply required that the firm meet the definition of a HUBZone SBC, demonstrate that 35% of its employees reside in the HUBZone, and certify that certain contract performance requirements will be met.

The new rule keeps the 35% employee requirement, but adds other requirements depending on whether the SBC is owned by Indian Tribal Governments; or by U.S. citizens, Alaska Native Corporations (ANCs), or Community Development Corporations (CDCs).

For Indian Tribal Governments, the SBC must be wholly or partially owned by one or more Indian Tribal Governments and meet the relevant small business size standards. For U.S. citizens, ANCs, and CDCs, the SBC must meet the following more detailed requirements:

- Entirely owned and controlled by U.S. citizens;
- Qualify as a small business under the relevant size standard;
- Principal office located in the HUBZone;
- At least 35% of its employees reside in the HUBZone;
- Attempt to maintain the 35% requirements throughout the contract; and
- Meet new subcontracting requirements (discussed below).

For ANCs and CDCs, there is an additional requirement that the concern be wholly or partially owned by one or more ANCs or CDCs.

Other major amendments to the HUBZone program are:

Expanded Definition of HUBZone. The rule adds a number of new definitions, and revises others. The definition of “HUBZone” is amended to include “redesignated areas” – or areas that have ceased to be HUBZones, but are within a three-year grace period where the HUBZone benefits still apply.

Electronic Filing of Certification Application. In addition to mailing in an application, the SBC can file for certification through: <https://eweb1.sba.gov/hubzone/internet>.

Maintaining HUBZone Status. Every three years, a SBC must seek re-certification from the SBA in order to remain a qualified HUBZone SBC. Previously, the requirement was that the SBC was to do an annual self-certification.

Limitations on Subcontracting. The new rule places a number of restrictions on HUBZone SBC prime contractors when they seek to subcontract work. For service and supply contracts, 50% of the costs should be incurred either by the prime or by other HUBZone SBCs. For construction contracts, the required percentage of costs incurred by HUBZone SBCs drops to 15%. SBA may change the subcontracting percentage requirements for a particular industry through a formal notice and comment procedure.

Ownership of HUBZone SBC. The rule expands the individuals who the SBA sees as owners of a HUBZone SBC. If an Employee Stock Option Plan owns all or part of the SBC, SBA considers each stock trustee and plan member to be an owner. If a trust owns all or part of the concern, SBA considers each trustee and trust beneficiary to be an owner.

More information on the HUBZone Program can be found at: <https://eweb1.sba.gov/hubzone/internet>

The text of the new HUBZone regulation can be found at: http://osdbuweb.dot.gov/business/legislation/final_HUBZone_05_27_04%20.cfm

Grants to Airports

Recently, DOT's Federal Aviation Administration (FAA), as part of its Airport Improvement Program, announced several grants to airports around the country to enhance airport capacity and safety. The following projects are being funded by grants at airports in Arizona, Nevada, and Washington D.C.

Arizona – \$28 million

DOT recently announced grants totaling more than \$28 million to Phoenix Sky Harbor International Airport to complete reconstruction of taxiways, to relocate residents in areas most heavily affected by airport noise, and to acquire land for noise compatibility. Reconstruction of taxiways will include: infield grading and stabilization, striping, installation of edge lighting, and development of guidance systems.

Nevada – \$24.4 million

DOT recently announced \$24.4 million in federal funding for important runway and taxiway improvements at Las Vegas' McCarran International Airport. The funds will be used for the rehabilitation of Runway 1R-19L, and the second phase of the rehabilitation of Taxiway D. The project will consist of revamping aging pavement and improving marking, lighting, and signage.

Washington D.C. - \$14.4 million

DOT recently announced a grant of \$14.4 million to Washington Dulles International Airport to rehabilitate Runway 12/30. The rehabilitation project will include pavement demolition, reconstruction, drainage, marking, in-pavement lighting, and environmental improvements for the entire length of the 10,500 foot runway. Federal funds will cover 75% of the total costs of the project.

For more information on grants to airports visit:

Arizona (<http://www.dot.gov/affairs/dot7004.htm> and <http://www.dot.gov/affairs/dot7104.htm>);

Nevada (<http://www.dot.gov/affairs/dot07204.htm>); and

Washington D.C. (<http://www.dot.gov/affairs/dot7504.htm>)

FOLLOW THE MONEY

State Transportation Projects

Secretary Norman Y. Mineta, on behalf of DOT's Federal Highway Administration, recently announced funding for several state transportation projects in an effort to reduce congestion, enhance safety, and improve traffic flow around the nation. It is anticipated that several of the projects will include construction-related funding for small, disadvantaged, woman-owned, and minority businesses. Listed below are projects announced in Alabama, California, Kentucky, Missouri, Washington, and West Virginia – each with a value of \$10 million or greater.

Alabama Highway Projects – \$20.6 Million – For construction of additional lanes on Interstate 65 near Birmingham, an interchange on Interstate 565 near Huntsville, and for 14 other Alabama transportation projects.

California Highway/Bridge Projects – \$20.2 Million – To improve safety and traffic flow along Interstate 80, undertake modifications that will help the Golden Gate Bridge withstand seismic movements, and fund 41 other California transportation projects.

Kentucky Highway/Bridge Projects – \$10.5 Million – To replace the Interstate – 75/Brent Spence Bridge and 11 other Kentucky transportation projects.

Missouri Highway/Bridge Projects – \$11.2 Million – To replace the Highway 19 Bridge in Herman, for improvements to U.S. Route 67 in southeastern Missouri, and for seven other Missouri transportation projects.

Washington Highway/Bridge Projects – \$18.4 Million – For construction of additional lanes on Interstate 90, reconstruction of the interchange at interstates 405 and 5 in the Seattle area and 22 other Washington transportation projects.

West Virginia Highway/Bridge Projects – \$10 Million – For improvements to U.S. Route 33, replacement of the Canvas Bridge, and three other West Virginia transportation projects.

For more information on these state transportation projects visit:

Alabama –
www.fhwa.dot.gov/pressroom/fhwa0504a.htm

California –
www.fhwa.dot.gov/pressroom/fhwa0404c.htm

Kentucky –
www.fhwa.dot.gov/pressroom/fhwa0404f.htm

Missouri –
www.fhwa.dot.gov/pressroom/fhwa0404i.htm

Washington –
www.fhwa.dot.gov/pressroom/fhwa0404m.htm

West Virginia –
www.fhwa.dot.gov/pressroom/fhwa0404n.htm

SBA Web Site Connects Businesses and Government

SBA recently announced the launch of a web site that will serve as the business gateway for U.S. businesses to connect with federal agencies. By providing specific business tools and resources, **Business.gov** serves as a one-stop resource for businesses.

Business.gov provides information and links on:

- *Business Development* – information on starting, managing, and marketing a business.
- *Financial Assistance* – resources for capital and credit.
- *Taxes* – federal and state tax resources, forms, and assistance.
- *Laws and Regulations* – laws, regulations, and other requirements that govern business.
- *International trade* – information on export promotion, trade finance, and trade leads.
- *Workplace Issues* – information on employee wellness, workplace safety, benefits, and the family-friendly workplace.
- *Buying and Selling* – links for doing business with the government.
- *Federal forms* – finding government forms that businesses need to conduct business, expand, and grow.

Business.gov is scheduled to add more resources in the Fall of 2004.

For more information visit, <http://www.sba.gov/news/04-46.pdf>

SOMAT...continued from page 1

Somat received a Minority Business Enterprise Award from DOT's Federal Highway Administration for its contribution to transportation projects in the state of Michigan.

According to Mr. G. Ramanujam, president of Somat, the firm's strategy for success as an engineering consultant is based on capabilities. Somat maintains a staff of experienced, dedicated professionals, utilizes state of the art equipment and technology, and requires that field and office personnel maintain regular training in technique upgrades. Somat further emphasizes its credentials and qualifications by maintaining affiliations with a number of professional associations that mandate strict and rigorous standards and certifications for membership.

In speaking of his own experience at Somat, Mr. Ramanujam offers the following piece of advice for other small, disadvantaged, minority-owned, and woman-owned firms: "know your capabilities and follow through in delivering what is promised no matter how small the job...get it done."

More information about Somat Engineering, Inc. can be found at: <http://www.somateng.com/>

Corporate Headquarters: 660 Woodward Avenue, Suite 1243, Detroit, Michigan 48226, (313)963-2721.

FTA Launches Procurement News Web Site

Federal Transit Administration (FTA) grantees have said that one of the hardest aspects of transit procurement is keeping up with all the changes. In response, the FTA added a new procurement news page to its web site on June 1, 2004.

FTA states that the initial page contains new items and "some not so new ones that many of our colleagues may have missed." The items are listed in chronological order with the most recent item at the top of the page.

While the focus is on providing information to state and local governments who are FTA grantees, the site is also an excellent resource for small, disadvantaged, and woman-owned businesses who are interested in pursuing transit procurements. Since many of these procurements are funded through DOT grants, OSDBU's customers can anticipate new opportunities by keeping up-to-date with the same information that the state and local grantees are receiving.

The FTA procurement news web page can be found at: http://www.fta.dot.gov/15774_ENG_HTML.htm#A2

CALENDAR OF EVENTS July/August 2004

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|---------------|---|
| July 6-9 | DOE Small Business Procurement Conference – Philadelphia, PA
www.smallbizconference.com/index.php?module=content&section_id=1
Contact: Department of Energy Small Business Conference • 1-888-246-2460 • doe@terracon.biz |
| July 29-31 | 12th Annual NBCC Convention – Washington, DC
www.nationalbcc.org/events/event.asp?id=15&category_id=1
Contact: National Black Chamber of Commerce • Harry Alford • 202-466-6888 • halford@nationalbcc.org |
| July 29-Aug.1 | 2004 E-Women Network International Conference & Business Expo – Richardson, TX
www.ewomennetwork.com
Contact: E-Women Network • Shelly Harman • 972-620-9995 • shelleyharman@ewomennetwork.com |
| August 8-12 | UIDA 2004 Small Business Conference & Trade Show – Orlando, FL
www.uida.org
Contact: UIDA Business Services, Inc • 770-494-0431 • uida1@uida.org |
| August 24 | NASA/JPL Small Business Forum – Pasadena, CA
http://acquisition.jpl.nasa.gov/boo/conferences.htm
Contact: Jet Propulsion Laboratory • Art Duran • 818-354-7531 • Arthur.a.duran@jpl.nasa.gov |

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